

Actual cash value: The depreciated amount it would take to repair or replace your home or personal property. For example, a couch that cost \$900 two years ago is now worth \$600. The actual cash value is \$600.

Additional living expense: A form of insurance that pays a homeowner the increase in living expenses needed to temporarily maintain a household elsewhere (e.g., motel or hotel) when damage by an insured peril has made the home unlivable.

Adjuster: A representative of an insurance company who determines the amount of a loss and how much the company will pay for it.

Appraisal: A survey of property made to determine its insurable value.

Arbitration: Referral to impartial but knowledgeable parties when the company and the claimant cannot agree on the value of a claim. The arbitrator's decision is binding on both parties.

Binder: An acknowledgment that the insurance for which you applied is in force, whether or not you have paid for it or received a policy.

Debris removal: Coverage for the cost of removing debris resulting from damage caused by an insured peril.

Deductible: Amount you agree to pay on each loss before your insurance company pays. Generally, the larger the deductible, the smaller your premium.

Depreciation: Decrease in the value of property over time due to wear and tear and to obsolescence.

Dwelling: An insured's home.

Endorsement: An addition or extension of coverage to an insurance policy.

Exclusion: Hazards, circumstances, or property not covered by an insurance policy.

FAIR Plan: You may qualify for minimal fire and vandalism insurance through the Fair Access to Insurance Requirements (FAIR) Plan if you have difficulty obtaining traditional insurance protection for your home. This policy provides limited protection and no liability coverage.

Inflation guard endorsement: An endorsement to a homeowner policy that automatically increases the amount of insurance every three months.

Insurance to value: An amount of insurance at, or close to, the value of the property insured.

Lapse: When premium payments are in default, an insurance contract becomes void and is said to have "lapsed."

Liability coverage: This coverage pays for damages you cause to other people and their property.

Named perils: Specific events covered by a policy, such as fire, windstorm, and theft.

Perils: Events that cause damage to property, such as fire, windstorm, floods, and theft.

Personal property: An insured's personal belongings, such as clothing, jewelry, and furniture.

Proof of loss: A formal statement made by a homeowner that identifies specific damages.

Real property: A dwelling or home is often referred to as real property.

Replacement cost value: The amount it would take to replace or rebuild your home or repair damages with materials of similar kind and quality. For example, a couch cost \$900 when purchased but a comparable one now costs \$1,200. A replacement cost value policy would pay you the \$1,200 if you provide a receipt showing you actually purchased the replacement couch.

Rider: A temporary addition to an insurance policy.

Scheduled items: Articles such as jewelry, furs, stamps, coins, guns, computers, antiques, and other items that may exceed normal policy limits in your regular homeowner policy.

Underwriting: The basic role of an insurance company: examining and accepting or rejecting risks, and classifying the ones that are accepted to determine premiums.